

**REPORT OF THE AUDIT OF THE  
OHIO COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable David Jones, Ohio County Judge/Executive  
Members of the Ohio County Fiscal Court

The enclosed report prepared by Tichenor & Associates, LLP, Certified Public Accountants, presents the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ohio County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements.

We engaged Tichenor & Associates, LLP to perform the audit of these financial statements. We worked closely with the firm during our report review process; Tichenor & Associates, LLP evaluated Ohio County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts

Enclosure





## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE OHIO COUNTY FISCAL COURT**

**June 30, 2009**

Tichenor & Associates, LLP, has completed the audit of the Ohio County Fiscal Court for fiscal year ended June 30, 2009. The financial statements of Ohio County Hospital Corporation, a discretely presented component unit, have been prepared under accounting principles generally accepted in the United States of America, which is inconsistent with the basis of accounting Ohio County, Kentucky, uses to prepare its financial statements. As a result, we have issued a qualified opinion on the discretely presented component unit. We have issued an unqualified opinion on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

In accordance with OMB Circular A-133, we have issued unqualified opinions on the compliance requirements that are applicable to Ohio County's major federal programs: Airport Improvement Program (CFDA #20.106) and Disaster Grants - Public Assistance (CFDA #97.036).

#### **Financial Condition:**

The fiscal court had net assets of \$10,619,085 as of June 30, 2009. The fiscal court had unrestricted net assets of \$2,063,146 in its governmental activities as of June 30, 2009, with total net assets of \$8,470,709. In its business-type activities, fiscal court had unrestricted net assets of \$58,119 with total net assets of \$2,148,376. The fiscal court's discretely presented component unit had net assets of \$8,591,226 as of September 30, 2009. The discretely presented component unit had unrestricted net assets of \$6,524,436. The fiscal court had total debt principal as of June 30, 2009 of \$1,902,809 with \$227,773 due within the next year. The discretely presented component unit had total debt principal as of September 30, 2009 of \$5,695,169 with \$577,087 due within the next year.

#### **Report Comments:**

- 2009-1** The Ohio County Airport Board Has A Lack Of Internal Controls Over Monitoring Of Activities Allowed/Allowable Costs
- 2009-2** The Ohio County Airport Board Deposits Were Not Made Timely
- 2009-3** The Ohio County Senior Services Deposits Were Not Made Timely
- 2009-4** The Ohio County Detention Center Deposits Were Not Made Timely
- 2009-5** The Fiscal Court Should Require All Employees Submit Timesheets
- 2009-6** The Ohio County Airport Board Should Establish Procedures To Minimize Elapsed Time Between Drawdown And Disbursement Of Federal Funds

#### **Deposits:**

The fiscal court's deposits were fully insured and collateralized by bank securities or bonds.



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**TICHENOR & ASSOCIATES, LLP**  
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To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable David Jones, Ohio County Judge/Executive

Members of the Ohio County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ohio County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Ohio County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ohio County Hospital Corporation, a discretely presented component unit. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit opinion unit is based on the report of the other auditors. Those financial statements reflect 100% of assets and revenues of the discretely presented component unit opinion unit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Ohio County Hospital Corporation were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Ohio County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements of the Ohio County Hospital Corporation, a discretely presented component unit, are presented in accordance with the accrual basis of accounting and therefore include certain accruals required by accounting principles generally accepted in the United States of America that are not presented in accordance with the modified cash basis of accounting. The amounts by which these accruals affect the financial statements are not reasonably determinable.

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
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In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Ohio County Hospital Corporation's financial statements been prepared using the same basis of accounting as Ohio County, Kentucky, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the discretely presented component unit of Ohio County, Kentucky, as of June 30, 2009, and the changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ohio County, Kentucky, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The County has chosen not to present the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the budgetary comparison information. However, we did not audit it and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ohio County, Kentucky's basic financial statements. The accompanying combining fund financial statements are presented for additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2010, on our consideration of Ohio County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable David Jones, Ohio County Judge/Executive  
Members of the Ohio County Fiscal Court

Based on the results of our audit, we present the schedule of findings and questioned costs, included herein, which discusses the following report comments:

- 2009-1** The Ohio County Airport Board Has A Lack Of Internal Controls Over Monitoring Of Activities Allowed/Allowable Costs
- 2009-2** The Ohio County Airport Board Deposits Were Not Made Timely
- 2009-3** The Ohio County Senior Services Deposits Were Not Made Timely
- 2009-4** The Ohio County Detention Center Deposits Were Not Made Timely
- 2009-5** The Fiscal Court Should Require All Employees Submit Timesheets
- 2009-6** The Ohio County Airport Board Should Establish Procedures To Minimize Elapsed Time Between Drawdown And Disbursement Of Federal Funds

Respectfully submitted,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP

February 22, 2010

OHIO COUNTY OFFICIALS

For The Year Ended June 30, 2009

**Fiscal Court Members:**

David Jones	County Judge/Executive
Dean Minton	Magistrate
Jason Bullock	Magistrate
Richard Robinson	Magistrate
Larry Keown	Magistrate
Billy Burden	Magistrate

**Other Elected Officials:**

Greg Hill	County Attorney
Gerry Wright	Jailer
Bess Ralph	County Clerk
Elvis Doolin	Sheriff
Jason Chinn	Property Valuation Administrator
Larry Bevil	Coroner

**Appointed Personnel:**

Anne Melton	County Treasurer
Janice Embry	Finance Officer
Robert Cox	Deputy Judge/Executive
Lugenia Sapp	Occupational Tax Administrator
Gerald Addington	Road Supervisor
Ruth Jameson	911 Administrator
Sharon Wright	Jail Administrative Assistant/Bookkeeper

**OHIO COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**



**OHIO COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>	<b>Ohio County Hospital Corporation 9/30/2009</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 2,063,146	\$ 58,119	\$ 2,121,265	\$ 3,132,427
Assets Limited to Use				375,866
Patient Accounts Receivable				3,433,098
Other Accounts Receivable				616,473
Supplies				604,449
Prepaid Expenses and Other				201,589
Total Current Assets	<u>2,063,146</u>	<u>58,119</u>	<u>2,121,265</u>	<u>8,363,902</u>
Noncurrent Assets:				
Capital Assets - Net of Accumulated Depreciation				
Construction in Progress		40,520	40,520	
Land	883,647	123,606	1,007,253	361,228
Land Improvements		1,431,856	1,431,856	39,102
Buildings and Building Improvements	3,715,068	482,986	4,198,054	2,458,788
Machinery and Equipment	1,406,374	11,289	1,417,663	2,387,759
Vehicles	786,576		786,576	
Infrastructure	1,518,707		1,518,707	
Deferred Financing Costs, At Amortized Cost				69,357
Other				182,259
Hospital Assets Held by Trustee				424,000
Total Noncurrent Assets	<u>8,310,372</u>	<u>2,090,257</u>	<u>10,400,629</u>	<u>5,922,493</u>
Total Assets	<u>10,373,518</u>	<u>2,148,376</u>	<u>12,521,894</u>	<u>14,286,395</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Bonds Payable				410,000
Financing Obligations Payable	227,773		227,773	167,087
Accounts Payable				590,511
Accrued Payroll and Other Expenses				1,211,012
Unearned Revenue				360,075
Estimated Amounts Due to Third -Party Payers				353,484
Total Current Liabilities	<u>227,773</u>	<u></u>	<u>227,773</u>	<u>3,092,169</u>
Noncurrent Liabilities:				
Bonds Payable				2,310,000
Financing Obligations Payable	1,675,036		1,675,036	293,000
Total Noncurrent Liabilities	<u>1,675,036</u>	<u></u>	<u>1,675,036</u>	<u>2,603,000</u>
Total Liabilities	<u>1,902,809</u>	<u></u>	<u>1,902,809</u>	<u>5,695,169</u>

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**  
**June 30, 2009**  
**(Continued)**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>	<b>Ohio County Hospital Corporation 9/30/2009</b>
<b>NET ASSETS</b>				
Invested in Capital Assets,				
Net of Related Debt	\$ 6,407,563	\$ 2,090,257	\$ 8,497,820	\$ 2,066,790
Unrestricted	2,063,146	58,119	2,121,265	6,524,436
Total Net Assets	<u>\$ 8,470,709</u>	<u>\$ 2,148,376</u>	<u>\$ 10,619,085</u>	<u>\$ 8,591,226</u>

The accompanying notes are an integral part of the financial statements.



**OHIO COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**

**OHIO COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 4,465,105	\$ 371,457	\$ 418,054	\$ 65,075
Protection to Persons and Property	1,478,826	37,500	424,498	210,443
General Health and Sanitation	406,578	156,279	866,797	
Social Services	228,336			
Recreation and Culture	250,645	93,118		
Roads	1,283,988		1,759,921	125,000
Airports	12,324			
Capital Projects	125,000			
Interest on Long-term Debt	90,583			
Total Governmental Activities	8,341,385	658,354	3,469,270	400,518
Business-type Activities:				
Jail Canteen	16,923	9,628		
Airport Board	191,116	9,900		323,279
Total Business-type Activities	208,039	19,528		323,279
Total Primary Government	\$ 8,549,424	\$ 677,882	\$ 3,469,270	\$ 723,797
Discretely Presented Component Unit:				
Ohio County Hospital Corporation	\$ 25,336,679	\$ 26,187,981	\$ 0	\$ 0

**General Revenues:**

Taxes:

Real Property Taxes  
Personal Property Taxes  
Motor Vehicle Taxes  
Occupational / Net Profit Taxes  
Deed Transfer Taxes  
Auto Sticker Taxes  
Telephone 911 Taxes  
Franchise Taxes  
Other Taxes

Excess Fees

Reimbursements

Interest Received

Miscellaneous Revenues

Total General Revenues

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit 9/30/2009
Governmental Activities	Business-Type Activities	Totals	
\$ (3,610,519)	\$	\$ (3,610,519)	\$
(806,385)		(806,385)	
616,498		616,498	
(228,336)		(228,336)	
(157,527)		(157,527)	
600,933		600,933	
(12,324)		(12,324)	
(125,000)		(125,000)	
(90,583)		(90,583)	
(3,813,243)		(3,813,243)	
	(7,295)	(7,295)	
	142,063	142,063	
	134,768	134,768	
(3,813,243)	134,768	(3,678,475)	
			851,302
446,564		446,564	
1,019		1,019	
83,731		83,731	
2,067,025		2,067,025	
36,509		36,509	
201,712		201,712	
384,718		384,718	
143,233		143,233	
40,945		40,945	
898,068		898,068	
117,130		117,130	
33,773	458	34,231	42,367
41,696	17,588	59,284	336,335
4,496,123	18,046	4,514,169	378,702
682,880	152,814	835,694	1,230,004
7,787,829	1,995,562	9,783,391	7,361,222
\$ 8,470,709	\$ 2,148,376	\$ 10,619,085	\$ 8,591,226

The accompanying notes are an integral part of the financial statements.

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**OHIO COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**



**OHIO COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

	<u>General Fund</u>	<u>Road And Bridge Fund</u>	<u>Occupational Tax Fund</u>	<u>Waterline Fund</u>	<u>Non- Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 218,372	\$ 362,043	\$ 951,646	\$ 227,929	\$ 303,156	\$ 2,063,146
Total Assets	<u>\$ 218,372</u>	<u>\$ 362,043</u>	<u>\$ 951,646</u>	<u>\$ 227,929</u>	<u>\$ 303,156</u>	<u>\$ 2,063,146</u>
<b>FUND BALANCES</b>						
Reserved for:						
Encumbrances	\$ 3,276	\$ 34,135	\$ 164	\$	\$ 723	\$ 38,298
Unreserved:						
General Fund	215,096					215,096
Special Revenue Funds		327,908	951,482	227,929	302,433	1,809,752
Total Fund Balances	<u>\$ 218,372</u>	<u>\$ 362,043</u>	<u>\$ 951,646</u>	<u>\$ 227,929</u>	<u>\$ 303,156</u>	<u>\$ 2,063,146</u>

**Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets:**

Total Fund Balances	\$ 2,063,146
Amounts Reported For Governmental Activities In The Statement	
Of Net Assets Are Different Because:	
Capital Assets Used In Governmental Activities Are Not Financial Resources	
And Therefore Are Not Reported In The Funds.	11,523,670
Accumulated Depreciation	(3,213,298)
Long-term Debt Is Not Due And Payable In The Current Period And, Therefore,	
Is Not Reported In The Funds.	
Due Within One Year - Financing Obligation Principal Payments	(227,773)
Due In More Than One Year - Financing Obligation Principal Payments	<u>(1,675,036)</u>
Net Assets of Governmental Activities	<u>\$ 8,470,709</u>

The accompanying notes are an integral part of the financial statements.

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**OHIO COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

**OHIO COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<b>General Fund</b>	<b>Road And Bridge Fund</b>	<b>Occupational Tax Fund</b>	<b>Waterline Fund</b>
<b>REVENUES</b>				
Taxes	\$ 1,181,616	\$	\$ 2,067,025	\$
Licenses and Permits	139,361	233		
Intergovernmental	1,931,988	1,884,921		
Charges for Services	101,869			123,239
Miscellaneous	134,384	36,180	4,235	
Interest	3,096	9,212	15,855	3,279
Total Revenues	<u>3,492,314</u>	<u>1,930,546</u>	<u>2,087,115</u>	<u>126,518</u>
<b>EXPENDITURES</b>				
General Government	2,535,515		227,022	
Protection to Persons and Property	516,924		519,269	
General Health and Sanitation	172,587			220,478
Social Services	224,736			
Recreation and Culture	241,645			
Roads		1,314,229	20,000	
Airports	12,324			
Debt Service	171,404	65,125		
Capital Projects		125,000		
Administration	883,196	249,780	41,193	
Total Expenditures	<u>4,758,331</u>	<u>1,754,134</u>	<u>807,484</u>	<u>220,478</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(1,266,017)</u>	<u>176,412</u>	<u>1,279,631</u>	<u>(93,960)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out			(1,627,379)	
Transfers In	1,230,000		120,000	
Financing Obligation Proceeds		103,194	50,000	
Refunded Financing Obligation Payment		(102,850)		
Total Other Financing Sources (Uses)	<u>1,230,000</u>	<u>344</u>	<u>(1,457,379)</u>	
Net Change in Fund Balances	(36,017)	176,756	(177,748)	(93,960)
Fund Balances - Beginning	254,389	185,287	1,129,394	321,889
Fund Balances - Ending	<u>\$ 218,372</u>	<u>\$ 362,043</u>	<u>\$ 951,646</u>	<u>\$ 227,929</u>

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
\$ 6,259	\$ 3,254,900
	139,594
1,173,769	4,990,678
185,387	410,495
20,026	194,825
2,331	33,773
<u>1,387,772</u>	<u>9,024,265</u>
408,898	3,171,435
771,004	1,807,197
9,250	402,315
	224,736
9,000	250,645
131,352	1,465,581
	12,324
	236,529
	125,000
<u>139,877</u>	<u>1,314,046</u>
<u>1,469,381</u>	<u>9,009,808</u>
<u>(81,609)</u>	<u>14,457</u>
(120,000)	(1,747,379)
397,379	1,747,379
	153,194
	(102,850)
<u>277,379</u>	<u>50,344</u>
195,770	64,801
<u>107,386</u>	<u>1,998,345</u>
<u>\$ 303,156</u>	<u>\$ 2,063,146</u>

The accompanying notes are an integral part of the financial statements.

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**OHIO COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**OHIO COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds	\$ 64,801
Governmental Funds Report Capital Outlays As Expenditures. However, In The Statement of Activities, The Cost Of Those Assets Is Allocated Over Their Estimated Useful Lives And Reported as Depreciation Expense.	
Book Value Of Capital Assets Disposed	(61,827)
Capital Outlay	1,031,081
Depreciation Expense	(343,927)
The Issuance or Retirement of Long-term Debt (e.g. Bonds, Leases) Provides Current Financial Resources to Governmental Funds. This Transaction, However, Has No Effect on Net Assets.	
Financing Obligation Proceeds	(153,194)
Financing Obligation and Principal Payments Are Expensed In The Governmental Funds As A Use Of Current Financial Resources. However, These Transactions Have No Effect On Net Assets.	
Financing Obligations	<u>145,946</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 682,880</u></u>

The accompanying notes are an integral part of the financial statements.

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**OHIO COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**



**OHIO COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b><u>Business-Type Activities - Enterprise Funds</u></b>		
	<b><u>Jail Canteen Fund</u></b>	<b><u>Airport Board Fund</u></b>	<b><u>Totals</u></b>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 8,512	\$ 49,607	\$ 58,119
Total Current Assets	<u>8,512</u>	<u>49,607</u>	<u>58,119</u>
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Construction in Progress		40,520	40,520
Land		123,606	123,606
Land Improvements		1,431,856	1,431,856
Building and Building Improvements		482,986	482,986
Machinery and Equipment		11,289	11,289
Total Noncurrent Assets		<u>2,090,257</u>	<u>2,090,257</u>
Total Assets	<u>8,512</u>	<u>2,139,864</u>	<u>2,148,376</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt		2,090,257	2,090,257
Unrestricted	8,512	49,607	58,119
Total Net Assets	<u>\$ 8,512</u>	<u>\$ 2,139,864</u>	<u>\$ 2,148,376</u>

The accompanying notes are an integral part of the financial statements.

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**OHIO COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**OHIO COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<b><u>Business-Type Activities - Enterprise Funds</u></b>		
	<b><u>Jail Canteen Fund</u></b>	<b><u>Airport Board Fund</u></b>	<b><u>Totals</u></b>
<b>Operating Revenues</b>			
Canteen Receipts	\$ 9,628	\$	\$ 9,628
Rental Services		9,900	9,900
Other Receipts	423	17,165	17,588
Total Operating Revenues	<u>10,051</u>	<u>27,065</u>	<u>37,116</u>
<b>Operating Expenses</b>			
Educational and Recreational	16,923		16,923
Professional Fees		70,487	70,487
Repairs and Maintenance		3,745	3,745
Utilities		5,654	5,654
Depreciation		108,659	108,659
Supplies		235	235
Annual Dues		1,985	1,985
Miscellaneous		351	351
Total Operating Expenses	<u>16,923</u>	<u>191,116</u>	<u>208,039</u>
Operating Income (Loss)	<u>(6,872)</u>	<u>(164,051)</u>	<u>(170,923)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	46	412	458
Federal Receipts		310,722	310,722
State Receipts		12,557	12,557
Net Nonoperating Revenues			
(Expenses)	<u>46</u>	<u>323,691</u>	<u>323,737</u>
Change In Net Assets	<u>(6,826)</u>	<u>159,640</u>	<u>152,814</u>
Total Net Assets - Beginning	<u>15,338</u>	<u>1,980,224</u>	<u>1,995,562</u>
Total Net Assets - Ending	<u><u>\$ 8,512</u></u>	<u><u>\$ 2,139,864</u></u>	<u><u>\$ 2,148,376</u></u>

The accompanying notes are an integral part of the financial statements.

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**OHIO COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**



**OHIO COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<b><u>Business-Type Activities - Enterprise Funds</u></b>		
	<b><u>Jail Canteen Fund</u></b>	<b><u>Airport Board Fund</u></b>	<b><u>Totals</u></b>
<b>Cash Flows From Operating Activities</b>			
Receipts From Customers	\$ 9,628	\$	\$ 9,628
Rental Receipts		9,900	9,900
Other Receipts	423	17,165	17,588
Payments To Suppliers Of Goods And Service:	(16,923)	(80,121)	(97,044)
Miscellaneous Payments		(2,336)	(2,336)
Net Cash Used By Operating Activities	<u>(6,872)</u>	<u>(55,392)</u>	<u>(62,264)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Principal Payment			
Interest Expense			
Federal Receipts		310,722	310,722
State Receipts		12,557	12,557
Capital Outlay		(247,257)	(247,257)
Net Cash Provided By Capital and Related Financing Activities		<u>76,022</u>	<u>76,022</u>
<b>Cash Flows From Investing Activities</b>			
Interest Earned	<u>46</u>	<u>412</u>	<u>458</u>
Net Cash Provided By Investing Activities	<u>46</u>	<u>412</u>	<u>458</u>
Net Decrease in Cash and Cash Equivalents	(6,826)	21,042	14,216
Cash and Cash Equivalents - July 1, 2008	<u>15,338</u>	<u>28,565</u>	<u>43,903</u>
Cash and Cash Equivalents - June 30, 2009	<u>\$ 8,512</u>	<u>\$ 49,607</u>	<u>\$ 58,119</u>
<b>Reconciliation of Operating Loss to Net Cash Used By Operating Activities</b>			
Operating Loss	\$ (6,872)	\$ (164,051)	\$ (170,923)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities - Depreciation Expense		<u>108,659</u>	<u>108,659</u>
Net Cash Used By Operating Activities	<u>\$ (6,872)</u>	<u>\$ (55,392)</u>	<u>\$ (62,264)</u>

The accompanying notes are an integral part of the financial statements.

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**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements. However, financial statements of the Ohio County Hospital Corporation, a discretely presented component unit, are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however, the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Ohio County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented.

**Blended Component Units**

The following legally separate organizations provide their services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. These organizations' balances and transactions are reported as though they are part of the county's primary government using the blending method.

**Ohio County Airport Board**

The Ohio County Airport Board is not legally separate from the Ohio County Fiscal Court. The Fiscal Court has the ability to impose its will on the governing board. In addition, the fiscal court is financially accountable and legally obligated for the debt of the Airport Board. Financial information for the Airport Board is blended within Ohio County's financial statements. All activities of the Airport Board are accounted for within a major enterprise fund.

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Reporting Entity (Continued)**

Blended Component Units (Continued)

Ohio County Public Facilities Corporation

The Ohio County Fiscal Court appoints the Public Facilities Corporation's governing board and has the ability to impose its will on the governing board. In addition, the fiscal court is financially accountable and legally obligated for the debt of the Public Facilities Corporation. There was no financial activity for the Public Facilities Corporation in the fiscal year ended June 30, 2009.

Discretely Presented Component Units

The component unit column in the financial statements includes the data of the Ohio County Hospital Corporation. It is reported on the Statement of Net Assets and the Statement of Activities in a separate column to emphasize its separateness from the fiscal court's primary government.

Ohio County Hospital Corporation

The Ohio County Fiscal Court (Fiscal Court) appoints a voting majority of the Ohio County Hospital Corporation governing board. The Ohio County Hospital Corporation is financially accountable and legally obligated for the debt of the hospital as long as a lease dated March 1, 1995, and between the Ohio County Public Facilities Corporation, a component unit of Ohio County and the Ohio County Hospital Corporation is in effect. The Ohio County Hospital Corporation may make additional improvements to the hospital at its own cost, which becomes part of the hospital. Exclusion of this entity as a component unit of Ohio County would cause the county's financial statements to be misleading or incomplete. The financial information for the Hospital is presented discretely within Ohio County's financial statements.

Audited financial statements for the Ohio County Hospital Corporation, a discretely presented component unit, may be requested by contacting the Ohio County Hospital, 1211 Main Street, Hartford Kentucky 42347.

**C. Ohio County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Ohio County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities, and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Ohio County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3rd Saturday in April following the delinquency date.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**Governmental Funds**

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the Fiscal Court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Road and Bridge Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the Fiscal Court to maintain these revenues and expenditures separately from the General Fund.

Occupational Tax Fund - This fund is used to account for the collection of occupational and net profit tax. Expenditures consist of general operations and transfers to other funds.

Waterline Fund - This fund is used to account for waterline repairs and projects in Ohio County. The primary source of revenue for this fund is from landfill fees.

The primary government also has the following nonmajor funds: Jail Fund, Local Government Economic Assistance Fund, Federal Grants Fund, Forest Fire Fund, and Landfill Fund.

**Special Revenue Funds:**

The Road and Bridge Fund, Occupational Tax Fund, Waterline Fund, Federal Grants Fund, Jail Fund, Local Government Economic Assistance Fund, Forest Fire Fund, and Landfill Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

**Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Enterprise Funds:**

The principal operating revenues of the county's enterprise funds are charges to customers for sales and services in the Jail Canteen Fund and the Airport Board Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless the Governmental Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

The primary government reports the following major proprietary funds:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.



**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Proprietary Funds (Continued)**

Enterprise Funds: (Continued)

Airport Board Fund - The primary purpose of this fund is to account for the activities of the airport. The primary sources of revenue for this fund are from charges to customers and federal aviation grants.

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery and equipment, vehicles, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 20,000	10-60
Buildings	\$ 50,000	10-75
Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 10,000	3-25
Vehicles	\$ 10,000	3-25
Infrastructure	\$ 50,000	10-50

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**G. Long-term Obligations**

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes, and financing obligations are reported.

In the fund financial statements, governmental funds recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

The Ohio County Hospital Corporation (discretely presented component unit), Ohio County Airport Board (blended component unit), and the Ohio County Jail Commissary (blended component unit) Funds are not budgeted. The Department for Local Government does not require the Fiscal Court to report or budget these funds.

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**J. Related Organizations, Joint Ventures, and Jointly Governed Organizations**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the Ohio County Water District, the Ohio County Library, and the Ohio County Tourism Commission are considered related organizations of the Ohio County Fiscal Court.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following are considered as joint ventures of the Ohio County Fiscal Court:

- Bluegrass Crossing Industrial Authority (with McLean, Muhlenberg, Hancock, and Daviess Counties)
- Ohio County Regional Wastewater District (with the Cities of Hartford, Centertown, and Beaver Dam)

**Note 2. Deposits**

The county and component unit maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial Credit Risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2009, all the County's deposits were covered by FDIC insurance or a properly executed collateral security agreement. As of September 30, 2009, approximately \$402,172 of the discretely presented component unit's deposits was exposed to custodial credit risk.

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 3. Assets Held For Resale**

Assets held for resale activity for the year ended June 30, 2009 was as follows:

	Reporting Entity		
	Beginning Balance	Increases	Ending Balance
<u>Governmental Activities:</u>			
Assets Held For Resale:			
Vehicles	\$ 102,850	\$	\$ 102,850
Total Assets Held For Resale	<u>\$ 102,850</u>	<u>\$</u>	<u>\$ 102,850</u>

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Reporting Entity		
	Beginning Balance	Increases	Ending Balance
<u>Primary Government:</u>			
<u>Governmental Activities:</u>			
Capital Assets Not Being Depreciated:			
Land	\$ 773,473	\$ 110,174	\$ 883,647
Construction In Progress		69,953	69,953
Total Capital Assets Not Being Depreciated	<u>773,473</u>	<u>180,127</u>	<u>953,600</u>
Capital Assets, Being Depreciated:			
Buildings and Building Improvements	5,442,415		5,442,415
Machinery and Equipment	1,540,245	558,489	2,018,957
Vehicles	1,231,772	155,648	1,387,420
Infrastructure	1,584,461	136,817	1,721,278
Total Capital Assets Being Depreciated	<u>9,798,893</u>	<u>850,954</u>	<u>10,570,070</u>
Less Accumulated Depreciation For:			
Buildings and Building Improvements	(1,708,848)	(88,452)	(1,797,300)
Machinery and Equipment	(515,758)	(114,775)	(612,583)
Vehicles	(511,164)	(89,680)	(600,844)
Infrastructure	(151,551)	(51,020)	(202,571)
Total Accumulated Depreciation	<u>(2,887,321)</u>	<u>(343,927)</u>	<u>(3,213,298)</u>
Total Capital Assets Being Depreciated, Net	<u>6,911,572</u>	<u>507,027</u>	<u>7,356,772</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,685,045</u>	<u>\$ 687,154</u>	<u>\$ 8,310,372</u>

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Capital Assets (Continued)**

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 123,606	\$	\$	\$ 123,606
Construction In Progress	882,054	40,520	(882,054)	40,520
Total Capital Assets Not Being Depreciated	1,005,660	40,520	(882,054)	164,126
Capital Assets, Being Depreciated:				
Land Improvements	735,702	1,088,791		1,824,493
Buildings and Building Improvements	633,825			633,825
Machinery and Equipment	40,320			40,320
Total Capital Assets Being Depreciated	1,409,847	1,088,791		2,498,638
Less Accumulated Depreciation For:				
Land Improvements	(310,535)	(82,102)		(392,637)
Buildings and Building Improvements	(127,911)	(22,928)		(150,839)
Machinery and Equipment	(25,402)	(3,629)		(29,031)
Total Accumulated Depreciation	(463,848)	(108,659)		(572,507)
Total Capital Assets, Being Depreciated, Net	945,999	980,132		1,926,131
Business-Type Activities Capital Assets, Net	\$ 1,951,659	\$ 1,020,652	\$ (882,054)	\$ 2,090,257

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 116,697
Protection To Persons and Property	62,172
Social Services	3,600
General Health and Sanitation	4,263
Roads, Including Depreciation Of General Infrastructure Assets	157,195
Total Depreciation Expense - Governmental Activities	<u>\$ 343,927</u>

Business-Type Activities

Airport Board	\$ 108,659
Total Depreciation Expense - Business-Type Activities	<u>\$ 108,659</u>

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Capital Assets (Continued)**

Capital asset activity for the discretely presented component unit for the year ended June 30, 2009 was as follows:

	Discretely Presented Component Unit			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 361,228	\$	\$	\$ 361,228
Construction in Progress	54,169		(54,169)	
Total Capital Assets Not Being Depreciated	415,397		(54,169)	361,228
Capital Assets, Being Depreciated:				
Land Improvements	264,807			264,807
Buildings	5,583,636			5,583,636
Equipment	11,934,853	296,384		12,231,237
Total Capital Assets Being Depreciated	17,783,296	296,384		18,079,680
Less Accumulated Depreciation For:				
Land Improvements	(215,396)	(10,309)		(225,705)
Buildings	(2,971,519)	(153,329)		(3,124,848)
Equipment	(9,237,506)	(605,972)		(9,843,478)
Total Accumulated Depreciation:	(12,424,421)	(769,610)		(13,194,031)
Total Capital Assets, Being Depreciated, Net	5,358,875	(473,226)		4,885,649
Business-type Activities Capital Assets, Net	<u>\$ 5,774,272</u>	<u>\$ (473,226)</u>	<u>\$ (54,169)</u>	<u>\$ 5,246,877</u>

Depreciation expense was charged to functions of the discretely presented component unit as follows:

Ohio County Hospital Corporation	<u>\$ 769,610</u>
Total Depreciation Expense - Component Unit	<u>\$ 769,610</u>

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 5. Short-term Debt**

**A. Dump Truck**

On April 2, 2008, the Fiscal Court entered into a short-term lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) to borrow \$102,850 in order to finance the purchase of a 2009 tri-axle dump truck. The agreement required monthly interest payments at 3.945 percent with the entire principal amount of \$102,850 due on April 20, 2009. The County was originally holding this dump truck as an Asset Held for Resale because the intent was to sell this at auction within a year. The County subsequently decided to keep the dump truck and refinanced the lease as a long-term lease agreement on March 10, 2009, with KACoLT as described in **Note 6.F.**

**B. Line of Credit**

On May 26, 2009, the County entered into a promissory note with the Bank of Ohio County for a \$300,000 line of credit in order to finance some of the costs incurred from the 2009 ice storm disaster clean up and recovery efforts. The terms of the agreement stipulate one payment of all outstanding principal plus all accrued unpaid interest at the effective rate of 3.950% per annum by the maturity date of May 26, 2010. Interest is calculated from the date of each advance until repayment of each advance. As of June 30, 2009, the County had borrowed \$50,000 against the line of credit.

**C. Changes In Short-term Liabilities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Financing Obligations	\$ 102,850	\$ 50,000	\$ 102,850	\$ 50,000	\$ 50,000
Governmental Activities					
Short-term Liabilities	<u>\$ 102,850</u>	<u>\$ 50,000</u>	<u>\$ 102,850</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

**Note 6. Long-term Debt**

**A. Courthouse Renovation**

The County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust on May 16, 2000, for the funding of the renovation of the current courthouse building in the amount of \$250,000. The interest rate is variable for 10 years. The termination date is May 20, 2010. The principal balance at June 30, 2009 was \$21,455. Future debt service requirements of the General Fund are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 21,455	\$ 482
Totals	<u>\$ 21,455</u>	<u>\$ 482</u>

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**B. Road Department Building**

The County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust on July 12, 1996, for the building of a road garage building in the amount of \$106,000. The interest rate is variable for 20 years. The termination date is October 20, 2011. The principal balance at June 30, 2009 was \$28,012. Future debt service requirements of the Road and Bridge Fund are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 12,000	\$ 914
2011	12,000	427
2012	4,012	34
Totals	<u>\$ 28,012</u>	<u>\$ 1,375</u>

**C. Capital Projects**

The County entered into an installment loan with the Bank of Ohio County on November 18, 2005 in the amount of \$1,600,000. The purpose of the loan was to finance the acquisition of property, to finance renovations and improvements to the courthouse, and to retire the Ohio County Buildings Commission First Mortgage Revenue Bonds, Series 1979. The interest rate is 4.92 percent for a period of twenty years with principal and interest payments due monthly. The principal balance at June 30, 2009 was \$1,416,796. Future debt service requirements of the General Fund are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 57,229	\$ 69,383
2011	60,150	66,462
2012	63,046	63,566
2013	66,438	60,174
2014	69,829	56,783
2015-2019	406,228	226,832
2020-2024	521,054	112,005
2025-2026	172,822	6,544
Totals	<u>\$ 1,416,796</u>	<u>\$ 661,749</u>

**D. Road Equipment**

The County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust on July 15, 2005, for the purchase of various pieces of road equipment in the amount of \$184,775 at an interest rate of 3.39%. The termination date is July 20, 2009. The principal balance at June 30, 2009 was \$49,775. Future debt service requirements of the Road and Bridge Fund are as follows:



**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**D. Road Equipment (Continued)**

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 49,775	\$ 196
Totals	<u>\$ 49,775</u>	<u>\$ 196</u>

**E. Park Land**

On January 14, 2008 the Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust in the sum of \$250,000 at a 3.936% interest rate. The financing obligation was used to purchase land to be used at the park. The maturity date of the obligation is January 20, 2023. The balance of the obligation at June 30, 2009 was \$233,577. Future debt service requirements of the General Fund are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 12,314	\$ 8,668
2011	12,946	8,359
2012	13,610	7,871
2013	14,308	7,344
2014	15,043	6,794
2015-2019	87,618	24,682
2020-2023	<u>77,738</u>	<u>6,503</u>
Totals	<u>\$ 233,577</u>	<u>\$ 70,221</u>

**F. Dump Truck**

On March 10, 2009, the County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust in the amount of \$103,194 for the purpose of refinancing a short-term lease agreement from the prior year that was used to purchase a 2009 tri-axle dump truck. The interest rate is variable with payments due on the 20<sup>th</sup> of each month and principal payments due annually on January 20<sup>th</sup> until the termination date of January 20, 2013. The principal balance at June 30, 2009 was \$103,194. Future debt service requirements of the Road and Bridge Fund are as follows:

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**F. Dump Truck (Continued)**

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 25,000	\$ 3,933
2011	25,000	3,011
2012	25,000	1,989
2013	28,194	815
Totals	<u>\$ 103,194</u>	<u>\$ 9,748</u>

**G. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
Financing Obligations	<u>\$ 1,998,411</u>	<u>\$ 103,194</u>	<u>\$ 248,796</u>	<u>\$ 1,852,809</u>	<u>\$ 177,773</u>
Governmental Activities					
Long-term Liabilities	<u>\$ 1,998,411</u>	<u>\$ 103,194</u>	<u>\$ 248,796</u>	<u>\$ 1,852,809</u>	<u>\$ 177,773</u>

**H. Obligations Issued By the Ohio County Public Facilities Corporation**

Effective August 30, 2005, the Hospital entered into a lease agreement and trust indenture with the County of Ohio, Kentucky, to pay principal and interest on the Series 2005 bond issue. The bonds mature serially at varying amounts through March 1, 2015, and require annual principal and semi-annual interest payments at rates ranging from 3.75% to 4.50%. The bonds are collateralized by all revenues generated by the Hospital. Under the terms of the lease agreement and trust indenture, the Hospital is required to maintain certain deposits with a trustee. These deposits are included with assets limited as to use in the financial statements.

**I. Diagnostic Equipment**

The Hospital entered into an equipment capital lease agreement maturing in March 2011 in the amount of \$239,000. This lease agreement bears interest at an imputed interest rate of 8.50%.

**J. Bank of Ohio County**

The Hospital entered into a loan agreement maturing April 1, 2012; payable in monthly installments of \$8,365, including interest at 7.25%; secured by certain real estate.

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**K. Kentucky Trust Bank**

The Hospital entered into a loan agreement maturing June 30, 2014; payable in monthly installments of \$3,042, including interest at 7.14%; secured by certain real estate and equipment.

**L. Aggregate Annual Maturities of Long-term Debt - Discretely Presented Component Unit**

The amounts of required principal payments on long-term debt and payments on capital lease obligations at September 30, 2009, were as follows:

<u>Fiscal Year Ended September 30</u>	<u>Revenue Bonds</u>	<u>Capital Lease Obligation</u>
2010	\$ 523,578	\$ 58,842
2011	542,090	34,322
2012	525,369	
2013	498,472	
2014	503,697	
Thereafter	<u>500,000</u>	<u></u>
Less amount representing interest	<u></u>	<u>6,283</u>
Totals	<u>\$ 3,093,206</u>	<u>\$ 86,881</u>

**M. Changes in Long-term Debt- Discretely Presented Component Unit**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue Bonds	\$ 3,110,000	\$	\$ 390,000	\$ 2,720,000	\$ 410,000
Financing Obligations	<u>614,910</u>	<u></u>	<u>154,823</u>	<u>460,087</u>	<u>167,087</u>
Business-Type Activities					
Long-term Liabilities	<u>\$ 3,724,910</u>	<u>\$</u>	<u>\$ 544,823</u>	<u>\$ 3,180,087</u>	<u>\$ 577,087</u>

**Note 7. Operating Leases**

Noncancellable operating leases for the Ohio County Hospital Corporation for equipment expire in various years through 2013. Rent expense totaled approximately \$666,000 and \$648,000 in 2009 and 2008, respectively. Future required minimum lease payments on these leases were as follows:

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 7. Operating Leases (Continued)**

Fiscal Year Ended September 30	Amount
2010	\$ 502,190
2011	272,019
2012	204,514
2013	10,115
Future Minimum Lease Payments	<u>\$ 988,838</u>

**Note 8. Employee Retirement System**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 29.50 percent.

The county's contribution for FY 2007 was \$324,572, FY 2008 was \$390,662, and FY 2009 was \$329,002.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 9. Deferred Compensation**

On November 25, 1985, the Ohio County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 10. Insurance**

For the fiscal year ended June 30, 2009 Ohio County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 11. Landfill**

Ohio County holds the permit for the landfill, known as the Ohio County Balefill. The County owns the land and all capital improvements. Republic Services of KY, LLC, DBA Ohio County Balefill won the bid on the landfill franchise and operates and maintains the landfill. The franchise must be re-bid every twenty years. Republic pays the County \$1.60 per ton in tipping fees. The liability for closure and post closure costs lies with Republic for 30 years after the closure of the landfill.

**Note 12. Assets Limited as to Use**

Assets limited as to use include assets held by trustees. Amounts required to meet certain liabilities of the Ohio County Hospital Corporation are included in current assets.

Assets limited as to use at September 30, 2009 included the following:

Held by trustee under indenture agreement	
U.S. Government securities	\$ 799,866
Less amount required to meet current obligations	<u>(375,866)</u>
Net Amount Assets Limited As To Use	<u>\$ 424,000</u>

Investment return consists primarily of interest income from these assets and cash investments.

**OHIO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 13. Patient Accounts Receivable**

Patient accounts receivable for the Ohio County Hospital Corporation are stated at net realizable amounts from patients, third-party payers and others for services rendered plus any accrued and unpaid interest. The Hospital provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Patient accounts receivable are ordinarily due 30 days after the issuance of the invoice. Balances past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the patient or third-party payer.

**Note 14. Prior Period Adjustment**

Beginning net assets of governmental activities has been restated to include a prior year financing obligation liability. The effect of this change is a net decrease of \$102,850 in governmental activities.

**Note 15. Difference in Fiscal Year End of Discretely Presented Component Unit**

The Ohio County Hospital Corporation, a discretely presented component unit of the Ohio County Fiscal Court, has a fiscal year end of September 30, 2009. The Fiscal Court, the primary government, has a fiscal year end of June 30, 2009. All amounts reported for the Ohio County Hospital Corporation represent account balances, receipts, and disbursements as of September 30, 2009.

**Note 16. Subsequent Event**

As of October 1, 2009, the Ohio County Hospital Corporation transitioned from an Anthem fully-insured health plan to an Anthem self-funded plan. Specific re-insurance is \$75,000 per member with a total maximum liability of \$1,291,569 for the plan year.

**OHIO COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**





**OHIO COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**

**For The Year Ended June 30, 2009**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts, (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 1,159,300	\$ 1,159,300	\$ 1,181,616	\$ 22,316
In Lieu Tax Payments	1,500	1,500		(1,500)
Licenses and Permits	170,670	170,670	139,361	(31,309)
Intergovernmental Revenue	1,931,658	1,931,658	1,931,988	330
Charges for Services	89,750	89,750	101,869	12,119
Miscellaneous	175,332	175,332	134,384	(40,948)
Interest	4,100	4,100	3,096	(1,004)
Total Revenues	<u>3,532,310</u>	<u>3,532,310</u>	<u>3,492,314</u>	<u>(39,996)</u>
<b>EXPENDITURES</b>				
General Government	2,619,395	2,697,502	2,535,515	161,987
Protection to Persons and Property	569,948	668,705	516,924	151,781
General Health and Sanitation	207,817	212,260	172,587	39,673
Social Services	197,235	225,434	224,736	698
Recreation and Culture	317,289	335,133	241,645	93,488
Airports	18,000	18,000	12,324	5,676
Debt Service	174,649	174,654	171,404	3,250
Administration	1,228,874	1,105,947	883,196	222,751
Total Expenditures	<u>5,333,207</u>	<u>5,437,635</u>	<u>4,758,331</u>	<u>679,304</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(1,800,897)</u>	<u>(1,905,325)</u>	<u>(1,266,017)</u>	<u>639,308</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>1,650,897</u>	<u>1,650,897</u>	<u>1,230,000</u>	<u>(420,897)</u>
Total Other Financing Sources (Uses)	<u>1,650,897</u>	<u>1,650,897</u>	<u>1,230,000</u>	<u>(420,897)</u>
Net Changes in Fund Balance	(150,000)	(254,428)	(36,017)	218,411
Fund Balance - Beginning	<u>150,000</u>	<u>254,428</u>	<u>254,389</u>	<u>(39)</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 218,372</u>	<u>\$ 218,372</u>

**OHIO COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>ROAD AND BRIDGE FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Licenses and Permits	\$ 2,730	\$ 2,730	\$ 233	\$ (2,497)
Intergovernmental Revenue	2,742,008	2,742,008	1,884,921	(857,087)
Miscellaneous	27,500	27,500	36,180	8,680
Interest	8,000	8,000	9,212	1,212
Total Revenues	<u>2,780,238</u>	<u>2,780,238</u>	<u>1,930,546</u>	<u>(849,692)</u>
<b>EXPENDITURES</b>				
Roads	2,407,584	2,451,685	1,313,885	1,137,800
Debt Service	165,977	168,477	65,125	103,352
Capital Projects	125,000	125,000	125,000	
Administration	315,609	379,295	249,780	129,515
Total Expenditures	<u>3,014,170</u>	<u>3,124,457</u>	<u>1,753,790</u>	<u>1,370,667</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(233,932)</u>	<u>(344,219)</u>	<u>176,756</u>	<u>520,975</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	65,339	65,339		(65,339)
Proceeds from Sale of Assets Held for Resale	93,593	93,593		(93,593)
Total Other Financing Sources (Uses)	<u>158,932</u>	<u>158,932</u>		<u>(158,932)</u>
Net Changes in Fund Balance	(75,000)	(185,287)	176,756	362,043
Fund Balance - Beginning	<u>75,000</u>	<u>185,287</u>	<u>185,287</u>	
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 362,043</u>	<u>\$ 362,043</u>

**OHIO COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>OCCUPATIONAL TAX FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 1,850,275	\$ 1,850,275	\$ 2,067,025	\$ 216,750
Miscellaneous		200,000	4,235	(195,765)
Interest	6,500	6,500	15,855	9,355
Total Revenues	<u>1,856,775</u>	<u>2,056,775</u>	<u>2,087,115</u>	<u>30,340</u>
<b>EXPENDITURES</b>				
General Government	363,120	246,010	227,022	18,988
Protection to Persons and Property		925,200	519,269	405,931
Roads		20,000	20,000	
Administration	130,040	301,344	41,193	260,151
Total Expenditures	<u>493,160</u>	<u>1,492,554</u>	<u>807,484</u>	<u>685,070</u>
Excess (Deficiency) Of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,363,615</u>	<u>564,221</u>	<u>1,279,631</u>	<u>715,410</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From Sale Of Assets				
Transfers Out	(2,113,615)	(2,113,615)	(1,627,379)	486,236
Transfers In			120,000	120,000
Borrowed Money		300,000	50,000	(250,000)
Total Other Financing Sources (Uses)	<u>(2,113,615)</u>	<u>(1,813,615)</u>	<u>(1,457,379)</u>	<u>356,236</u>
Net Changes In Fund Balance	(750,000)	(1,249,394)	(177,748)	1,071,646
Fund Balance - Beginning	<u>750,000</u>	<u>1,129,394</u>	<u>1,129,394</u>	
Fund Balance - Ending	<u>\$</u>	<u>\$ (120,000)</u>	<u>\$ 951,646</u>	<u>\$ 1,071,646</u>

**OHIO COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>WATERLINE FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges For Services	\$ 150,000	\$ 150,000	\$ 123,239	\$ (26,761)
Interest	2,500	2,500	3,279	779
Total Revenues	<u>152,500</u>	<u>152,500</u>	<u>126,518</u>	<u>(25,982)</u>
<b>EXPENDITURES</b>				
General Health and Sanitation	<u>488,000</u>	<u>488,000</u>	<u>220,478</u>	<u>267,522</u>
Total Expenditures	<u>488,000</u>	<u>488,000</u>	<u>220,478</u>	<u>267,522</u>
Net Changes In Fund Balances	(335,500)	(335,500)	(93,960)	241,540
Fund Balances - Beginning	<u>335,500</u>	<u>335,500</u>	<u>321,889</u>	<u>(13,611)</u>
Fund Balances - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 227,929</u>	<u>\$ 227,929</u>

**OHIO COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2009**

**1. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**2. Reconciliation - Road and Bridge Fund**

Total Expenditures - Budgetary Basis	\$ 1,753,790
Plus Financing Obligations Expenditures:	
Roads	<u>344</u>
Total Expenditures - Modified Cash Basis	<u><u>\$ 1,754,134</u></u>

Total Other Financing Sources (Uses)	
- Budgetary Basis	\$
Plus Financing Obligation Proceeds	103,194
Less Refunded Financing Obligation Payment	<u>(102,850)</u>
Total Other Financing Sources (Uses)	
- Modified Cash Basis	<u><u>\$ 344</u></u>

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**OHIO COUNTY  
COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
Other Supplementary Information**

**June 30, 2009**





**OHIO COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2009**

	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>	<b>Federal Grants Fund</b>	<b>Forest Fire Fund</b>	<b>Landfill Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 106,397	\$ 137,363	\$	\$ 1,534	\$ 57,862	\$ 303,156
Total Assets	<u>\$ 106,397</u>	<u>\$ 137,363</u>	<u>\$</u>	<u>\$ 1,534</u>	<u>\$ 57,862</u>	<u>\$ 303,156</u>
<b>FUND BALANCES</b>						
Reserved For:						
Encumbrances	\$ 723	\$	\$	\$	\$	\$ 723
Unreserved:						
Special Revenue Funds	<u>105,674</u>	<u>137,363</u>	<u></u>	<u>1,534</u>	<u>57,862</u>	<u>302,433</u>
Total Fund Balances	<u>\$ 106,397</u>	<u>\$ 137,363</u>	<u>\$</u>	<u>\$ 1,534</u>	<u>\$ 57,862</u>	<u>\$ 303,156</u>

The accompanying notes are an integral part of the financial statements.

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**OHIO COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2009**



**OHIO COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2009**

	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>	<b>Federal Grants Fund</b>	<b>Forest Fire Fund</b>	<b>Landfill Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES</b>						
Taxes	\$	\$	\$	\$ 6,259	\$	\$ 6,259
Intergovernmental	241,897	866,797	65,075			1,173,769
Charges For Services	37,500				147,887	185,387
Miscellaneous	20,026					20,026
Interest	321	918		12	1,080	2,331
Total Revenues	<u>299,744</u>	<u>867,715</u>	<u>65,075</u>	<u>6,271</u>	<u>148,967</u>	<u>1,387,772</u>
<b>EXPENDITURES</b>						
General Government		350,073	58,825			408,898
Protection To Persons and Property	505,201	261,009		4,794		771,004
General Health and Sanitation		3,000	6,250			9,250
Recreation and Culture		9,000				9,000
Roads		131,352				131,352
Administration	139,877					139,877
Total Expenditures	<u>645,078</u>	<u>754,434</u>	<u>65,075</u>	<u>4,794</u>		<u>1,469,381</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(345,334)</u>	<u>113,281</u>		<u>1,477</u>	<u>148,967</u>	<u>(81,609)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	397,379					397,379
Transfers Out					(120,000)	(120,000)
Total Other Financing Sources (Uses)	<u>397,379</u>				<u>(120,000)</u>	<u>277,379</u>
Net Change In Fund Balances	52,045	113,281		1,477	28,967	195,770
Fund Balances - Beginning	54,352	24,082		57	28,895	107,386
Fund Balances - Ending	<u>\$ 106,397</u>	<u>\$ 137,363</u>	<u>\$</u>	<u>\$ 1,534</u>	<u>\$ 57,862</u>	<u>\$ 303,156</u>

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**OHIO COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Other Supplementary Information**





**OHIO COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Other Supplementary Information**

**Fiscal Year Ended June 30, 2009**

Federal Grantor		
Program Title	Pass-Through	
<u>Grant Name (CFDA #)</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed - Through State Department of Education:		
Child and Adult Care Food Program		
Nutrition and Health Services	Not available	\$ 33,987
(CFDA #10.558)		
<u>U.S. Department of Justice</u>		
Direct Program:		
Public Safety Partnership and Community Policing Grants		
Law Enforcement Technology	2008CKWX0786	210,443
(CFDA #16.710)		
<u>U.S. Department of Homeland Security</u>		
Passed - Through State Department Of Military Affairs:		
Disaster Grants - Public Assistance		
Wind Storm	FEMA-1802-DR-KY	16,762
Ice Storm	FEMA-1818-DR-KY	543,239
(CFDA #97.036) ***		
Emergency Management Performance Grants		
EMA Director Salary Supplement	Not available	11,335
(CFDA #97.042)		
Total U.S. Department of Homeland Security		571,336
<u>U.S. Department of Housing and Urban Development</u>		
Passed - Through Department for Local Government:		
Community Development Block Grant/State's Program		
Tamerlane Industries Inc. Project	08-009	58,825
(CFDA #14.228)		

\*\*\* Tested as Major Programs

OHIO COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Other Supplementary Information  
 Fiscal Year Ended June 30, 2009  
 (Continued)

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	Pass-Through <u>Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Environmental Protection Agency</u>		
Direct Program:		
Congressionally Mandated Projects		
Regional Wastewater Treatment Facility (CFDA #66.606)	XP-96446206-0	\$ 6,250
<u>U.S. Department of Health and Human Services</u>		
Passed - Through State Cabinet for Health and Family Services		
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		
Congregate Meals (CFDA #93.044)	M-06150625-9	38,012
Special Programs for the Aging, Title III, Part C, Nutrition Services		
Home Delivered Meals (CFDA #93.045)	M-06150625-9	<u>11,698</u>
Total U.S. Department of Health and Human Services		49,710
<u>U.S. Department of Transportation</u>		
Direct Program:		
Airport Improvement Program -		
Runway Improvements Project	03-21-0063-06-2007	206,737
Planning and Approach Development	03-21-0063-07-2008	69,704
Apron Expansion Project (CFDA # 20.106) ***	03-21-0063-08-2009	<u>40,520</u>
Total U.S. Department of Transportation		<u>316,961</u>
Total Expenditures of Federal Awards		<u>\$ 1,247,512</u>

\*\*\* Tested as Major Programs

**OHIO COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Year Ended June 30, 2009**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Ohio County, Kentucky and is presented on a modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



**TICHENOR & ASSOCIATES, LLP**  
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The Honorable David Jones, Ohio County Judge/Executive  
Members of the Ohio County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ohio County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 22, 2010, wherein, we issued a qualified opinion on the discretely presented component unit. Our report was also modified to include a reference to other auditors. Ohio County's financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Ohio County Hospital Corporation, as described in our report on Ohio County, Kentucky's financial statements. The financial statements of the Ohio County Hospital Corporation were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ohio County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ohio County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ohio County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the following deficiencies described in the schedule of findings and questioned cost to be significant deficiencies in internal control over financial reporting: 2009-2, 2009-3 and 2009-4.

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies listed above to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Ohio County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the schedule of findings and questioned costs as item 2009-5.

Management's responses to the findings identified in our audit are included in the schedule of findings and questioned costs. We did not audit their responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Department for Local Government, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP

February 22, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



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The Honorable David Jones, Ohio County Judge/Executive  
Members of the Ohio County Fiscal Court

Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Ohio County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Ohio County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Ohio County's management. Our responsibility is to express an opinion on Ohio County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ohio County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Ohio County's compliance with those requirements.

In our opinion, Ohio County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Ohio County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Ohio County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ohio County's internal control over compliance.

Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133  
(Continued)

Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-6 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-6 to be material weaknesses.

Management's responses to the findings identified in our audit are included in the schedule of findings and questioned costs. We did not audit the County Judge/Executive's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP

February 22, 2010

**OHIO COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2009**



**OHIO COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Fiscal Year Ended June 30, 2009**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Ohio County. A qualified opinion is expressed on the aggregate discretely presented component unit.
2. Three significant deficiencies relating to the internal control of the audit of the financial statements are reported in the Independent Auditor's Report.
3. One instance of noncompliance material to the financial statements of Ohio County was disclosed during the audit.
4. Two significant deficiencies relating to the audit of the major federal awards program are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Ohio County expresses an unqualified opinion.
6. There are two audit findings relative to the major federal awards program for Ohio County reported in Part C of this schedule.
7. The programs tested as major programs were: Airport Improvement Program (CFDA #20.106) and Disaster Grants - Public Assistance (CFDA #97.036).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Ohio County was not determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**2009-2 The Ohio County Airport Board Deposits Were Not Made Timely**

During the performance of the Airport Board proof of cash, we noted that the Airport Board was not making daily deposits. KRS 68.210 prescribes minimum accounting requirements, which include deposits of receipts intact on a daily basis. We recommend the Fiscal Court require the Airport Board to make daily deposits in order to be in compliance with KRS 68.210.

*Airport Board Chairman Kevin Autry's Response: The Administrative Assistant for the Board is responsible for making timely deposits. Since these delayed deposits, the board has hired a new Administrative Assistant, who has performed this function very well. This improvement was not reflected in this audit due to its range of dates.*

**2009-3 The Ohio County Senior Services Deposits Were Not Made Timely**

During testing of cash, we noted that Senior Services was not making daily deposits. KRS 68.210 prescribes minimum accounting requirements, which include deposits of receipts intact on a daily basis. We recommend the Fiscal Court require the Senior Services to make daily deposits in order to be in compliance with KRS 68.210.

*County Judge/Executive David Jones' Response: Corrected on 7-1-2009.*

**2009-4 The Ohio County Detention Center Deposits Were Not Made Timely**

During our testing of jail procedures, we noted that the jail was not turning over the fees collected from inmates on a timely basis. KRS 68.210 prescribes minimum accounting requirements, which include deposits of receipts intact on a daily basis. We recommend the Fiscal Court require the Jail to make timely deposits in order to be in compliance with KRS 68.210.

*County Jailer Gerry Wright's Response: This is my first time been notified but makes sense.*

**OHIO COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2009**  
**(Continued)**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2009-5 The Fiscal Court Should Require All Employees Submit Timesheets**

During testing of payroll, we noted that the County Clerk's office did not submit timesheets to the Payroll Officer. In order to substantiate hours worked employees are required to submit timesheets. These timesheets provide the required documentation for payment of wages to employees. We recommend the Fiscal Court require all employees submit timesheets in order to confirm the validity of hours worked and pay due to employees.

*County Judge/Executive David Jones' Response: Corrected on 7-1-2009.*

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT**

**2009-1 The Ohio County Airport Board Has A Lack Of Internal Controls Over Monitoring Of Activities Allowed/Allowable Costs**

Federal Program:	<u>CFDA #20.106 - Airport Improvement Program</u>
Federal Agency:	<u>U.S. Department of Transportation</u>
Pass-Through Agency:	<u>Not Applicable</u>
Compliance Area:	<u>Activities Allowed/Allowable Costs</u>
Amount of Questioned Costs:	<u>\$0</u>

During testing of internal controls over compliance, we noted that there was no documentation of monitoring of the compliance requirement Activities Allowed/Allowable Costs by the Airport Board. The Airport Board bookkeeper received payment instructions from Garver Engineers and then made payments. OMB Circular A-133 requires internal controls over monitoring of Activities Allowed/Allowable Costs. There was no documentation of Board oversight or review of these payments. The Airport Board Director or designee should have reviewed expenditures prior to payment and initialed or otherwise documented this review.

We recommend the Airport Board implement internal controls over monitoring activities allowed/allowable costs and document the process used.

*Airport Board Chairman Kevin Autry's Response: The Chairman of the Ohio County Airport Board reviews and signs each state and federal draw. In addition to signing, the Chairman began, after the last audit in August, noting on each invoice packet from Garver that the expenditures were allowed and allowable. This activity was not captured in this audit due to its range of dates.*

**2009-6 The Ohio County Airport Board Should Establish Procedures To Minimize Elapsed Time Between Drawdown And Disbursement Of Federal Funds**

Federal Program:	<u>CFDA #20.106 - Airport Improvement Program</u>
Federal Agency:	<u>U.S. Department of Transportation</u>
Pass-Through Agency:	<u>Not Applicable</u>
Compliance Area:	<u>Cash Management</u>
Amount of Questioned Costs:	<u>\$0</u>



**OHIO COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2009**  
**(Continued)**

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT  
(CONTINUED)**

**2009-6 The Ohio County Airport Board Should Establish Procedures To Minimize Elapsed Time  
Between Drawdown And Disbursement Of Federal Funds (Continued)**

During testing of federal cash drawdowns, it was noted that there were long delays in between the drawdown and disbursement of federal funds with the longest delay being 49 days. According to OMB Circular A-102, recipients of federal funds should have written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient. The timing and amount of cash drawdowns should be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs.

We recommend that the Airport Board establish procedures to minimize elapsed time between drawdown and disbursement of federal funds.

*Airport Board Chairman Kevin Autry's Response: The Ohio County Airport Board will implement into their Best Management Practices (BMP) a procedure for performing draws and disbursing funds to avoid long delays between drawdown and disbursement.*

**D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**2008-1 The Ohio County Airport Board Has A Lack of Internal Controls Over Monitoring Of Activities Allowed/Allowable Costs - **repeated****

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**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**OHIO COUNTY FISCAL COURT**

**For The Fiscal Year Ended June 30, 2009**

Appendix A



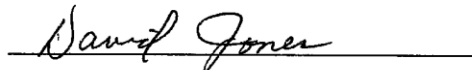
**CERTIFICATION OF COMPLIANCE**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**OHIO COUNTY FISCAL COURT**

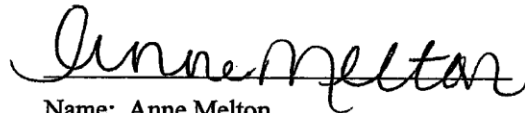
**Fiscal Year Ended June 30, 2009**

The Ohio County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended, as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in cursive script, reading "David Jones", is written over a horizontal line.

Name: David Jones

County Judge/Executive

A handwritten signature in cursive script, reading "Anne Melton", is written over a horizontal line.

Name: Anne Melton

County Treasurer

